

Love, Hate or Indifferent, Still? The 2021 State of UK Insurance Customer Attitudes Study



Guidewire commissioned market research agency, Censuswide, to survey a representative sample of 1,000 UK insurance customers aged 18 to 55-plus years old. They were surveyed in Spring 2021. The aim of the survey is to provide the latest insights into how UK insurance customers view insurers, their products, and services. While the primary focus of this report is on the UK results, it is worth noting that Guidewire commissioned simultaneous, parallel reports, in France and Germany.



After more than one year, how is COVID-19 continuing to affect relationships between customers and insurers?

Thesis

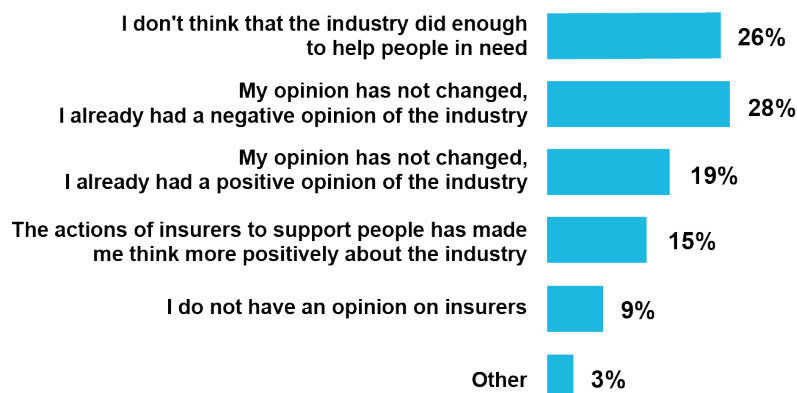
In the 2020 study, Love, Hate and Indifferent? there was evidence of COVID-19 and the lockdown adding to the negative feelings consumers held about their insurers. Since that survey, some UK insurers have been formally criticised about delays in paying claims for business disruption. Yet insurers did offer help and discounts to customers of general insurance products like car insurance. How have further periods of lockdown and economic uncertainty impacted the attitudes of insurance customers?

Findings

We surveyed insurance customers between 20th and 23rd April 2021 while the UK was beginning to ease out of its latest lockdown period.

When asked if their opinion of insurers has been changed by insurer actions during the COVID-19 outbreak, more than one in four (26%) thought that insurers did not do enough to help people in need. This is an increase from last year's finding of 17% and suggests negativity about insurers has become entrenched by perceptions of their response to the pandemic. The number of those asked who say the pandemic did not change their opinion because they already thought negatively of insurers, rose from 26% to 28%. By contrast, it is small consolation that the same year-on-year finding determined that 15% of respondents consider the actions of insurers more positively.

How has your opinion of insurers been changed by their actions during the COVID-19 outbreak, if at all?





It seems the industry is experiencing its own “Long COVID” symptoms, and the pandemic may be extending and increasing negative attitudes, with more than a half of customers (54%) either already holding or developing a negative view of insurers about their actions. This finding is up from last year’s 43% of respondents.

However, it is gratifying to see that the proportion of customers who say insurers understand them and that they value their services has grown from 14% of respondents in 2020 to 15% in 2021. At the same time, those who say insurance is overpriced and insurers are reluctant to pay a claim has slightly contracted from 22% in 2020 to 32% in 2021.

How can insurers reconnect with customers as pandemic measures hopefully ease?

Thesis

Insurers are aware of how the pandemic has affected their relationships with customers. How has the pandemic made customers consider the need for more help from their insurers?

Findings

Despite the availability of help from insurers during the pandemic and publicity about this help, it is striking how unaware insurance customers seem to have been about discounts on premiums and other offers that insurers were providing. Most (63%) say they did not know that some insurers gave customers money back on their policies because their risk profile had changed due to lockdown measures. Women (71%) even more than men (58%) say they were not aware.

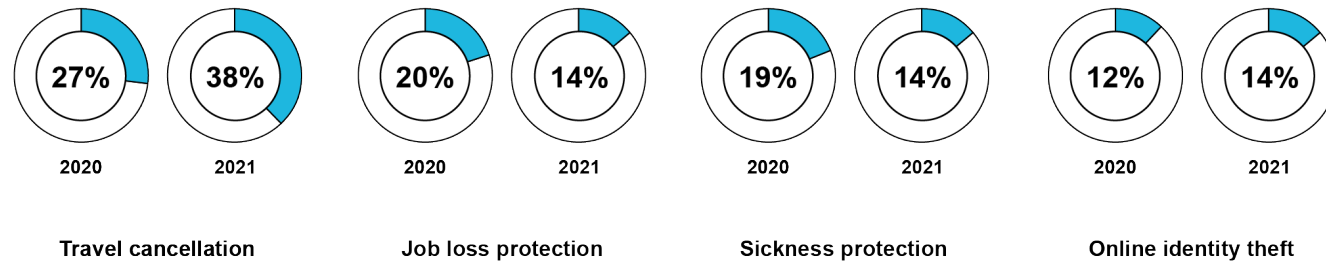
Only one in ten (11%) say they had known and claimed a refund while one in four (26%) had known but had not made a claim. Taken altogether, these findings point to how much customers and insurers remain disconnected from one another. An indication of how this could be improved is that those customers who say their insurer knows them well and whose services they value are twice as likely (22%) to have known and made a refund claim and are less likely to have been unaware of the offer (49%).

As in the 2020 study, the insurance product UK customers seem most likely to buy now because of the pandemic is travel cancellation (38%). This is higher than last year when travel cancellation also ranked first, but only with 27% of respondents. The strength of appeal for this product is evident even among those who are negative about the value of insurance. For example, those who responded that insurers sell overpriced products and are reluctant to pay out a claim were more likely (41%) to see the appeal of travel cancellation insurance.

However, interest in other products linked to pandemic protection has become less of interest to UK customers since 2020. Based on a comparison between the two studies, there appears to be a reversal in potential demand for job loss and payment protection (2021, 14% and 12% respectively; 2020, both 20%), and sickness (2021, 14%; 2020 19%). Only online identity theft is slightly up at 14% compared to 2020’s 12%.



Following the COVID-19 outbreak, which of the following would you be more likely to ensure that you were covered for, if any?



By comparison, in other European countries included in this survey, potential interest in pandemic-related insurance remains higher than in the UK. French insurance customers were much more interested than UK respondents in travel cancellation (44%), sickness protection (37%) and job loss protection (31%). While only 3% of UK customers indicated they might be interested in insurance to cover their pandemic purchase of a bike or e-scooter, 13% of French customers said they would be interested. German customers were even more likely to say the pandemic would make them consider insurance products like sickness protection (43%), travel cancellation (38%), job loss (37%), online identity theft (20%) and payment protection (25%). There are no easy answers as to why there are such sharp differences, but it may reflect different national perceptions about the pandemic, the various national responses to it, and how it is or is not nearing an end.

How open are customers to buying new kinds of products from their insurers?

Thesis

Insurers have been looking at how to make themselves more relevant to their customers. As the economy hopefully returns to "normal", what innovations could insurers deploy to better engage with their customers?

Findings

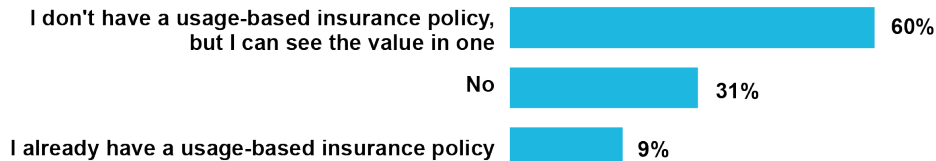
Regardless of the apparent cooling of interest from UK respondents in pandemic-related protection, there is some evidence that innovative products and services might have more cut-through than before.

Usage-based insurance (UBI) is a type of insurance that tracks policyholder behaviour and risk through real time data, collected using sensors and mobile devices, and then shares this data with the insurer. The cost of such insurance changes in real time, reflecting changes in risk and resulting in a better alignment of insurance premium with actual risk.

According to the research, customers can see the value in sharing real-time data with their insurer to access UBI services. Most (60%) said that while they do not have a usage-based insurance policy, they can see its value.



Do you see the value in sharing real time data with your insurer to access usage-based insurance services?



This openness to consider UBI even gets a more positive response from customers who are more negative about insurers and their products. For example, 62% of those who believe insurers sell overpriced products and are reluctant to pay out a claim, and 64% of those who do not think insurers did enough to help in the pandemic say they can see the value of UBI.

Other new offerings could help insurers re-connect with customers. A healthy percentage of respondents (55%) say they might like to consolidate their insurance policies and only deal with one partner who can cover all risks with one personalised insurance package. Perhaps perceived as better value for money and more likely to provide personalisation, this idea might appeal even more strongly to those customers (58%) who believe insurance is overpriced. But for those who hold a long-term negative opinion the idea has no appeal, with most (52%) dismissing it.

How do customers want to interact with insurers?

Thesis

The pandemic has put even more onus on digital channels for interaction. How is this affecting customer engagement, and what are customer attitudes about the quality of their experience when interacting with their insurer in making a claim?

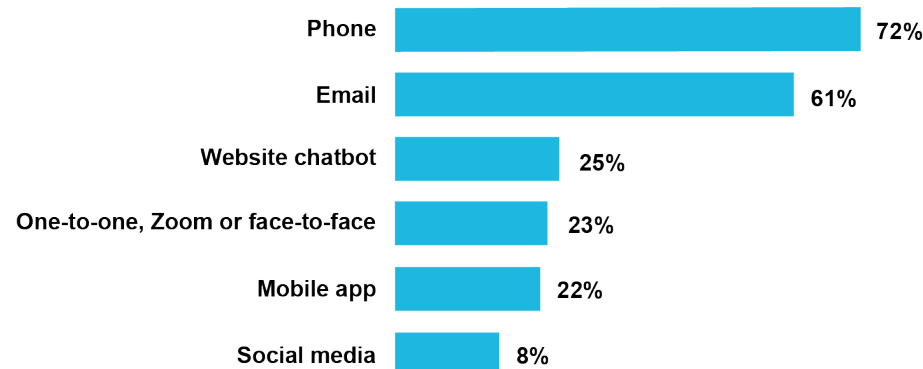
Findings

Despite increased digitalisation, some traditional methods of interaction remain popular.

When making a claim, phone is the channel that customers say they are most comfortable with (72%), followed by email (61%), website chatbot (25%), one-to-one meeting (23%) and then mobile app (22%). There are some obvious variations. For example, younger customers aged 18-34 are less likely (52%) to be comfortable phoning in a claim and more comfortable than older generations in using mobile apps (32%).



Thinking about when you contact your insurer for a claim, which of the following options would you feel comfortable using?



For insurers looking to use digital to automate and speed up processes, it seems that those who have cultivated closer, positive relations with customers could be the key. For those customers who feel their insurer understands them well and who value the insurer in return, there are some subtle but striking changes as to which channels they are happier using. For example, they are more comfortable with using mobile apps (35%) and chatbots (34%) and this does not seem biased by age or gender.

Conversely, those who harbour more negative feelings are most comfortable using the telephone. Respondents who said they were already negative about insurers before COVID-19 are more likely than other respondents to want to process a claim via the phone (79%).

Overall, one in two (50%) customers say that when they spoke to their insurer, they felt the insurer's customer service agent had all the information about them to help. A low (12%) say they felt otherwise. Even among those who say they have had a negative opinion about insurers, most (44%) say the agent had all the information to help them.

Working from home – exposure risk or business opportunity?

Thesis

For those who can, working from home has become common for millions of office and other workers. So how well have those new home workers and their employers considered the insurable risks involved? And what is the opportunity for insurers to offer help?

Findings

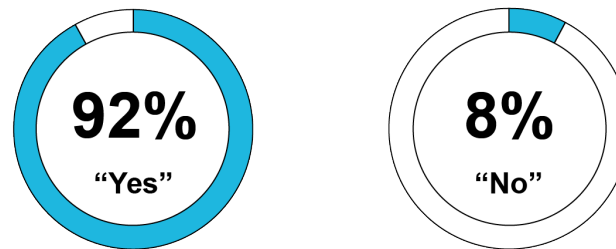
Quite clearly, a good proportion of insurers' customers are working from home. Of our total sample of insurance customers, about a third (32%) say that during the pandemic they were working from home for longer, extended periods of time. This aligns with UK Office of National Statistics data that showed 25.9% (8.4 million people) were completing duties from their place of residence at some point during the week this survey was undertaken.



As home working has been normalised for this large proportion of the workforce, they have had to make some new investment in their home office arrangements. New office furniture is the top investment (1st), followed by a new computer (2nd), new printer, smart speaker (3rd), new screen and broadband kit (5th). Fewer than 5% of all respondents built a garden office. On top of their own investment, a third (35%) of home workers have installed company technology in their home offices.

However, home workers do not seem to be aware of whether their home office spaces are protected by insurance. Two thirds (66%) do not know whether their home insurance policy covers them for damages that may be incurred whilst working from home. There appears to be a strong belief that employers (66%) rather than employees (34%) should provide insurance for staff who must work from home. If there is confusion about their exposure, customers feel that insurers should do more to explain what is or is not covered (92%).

Do you think that insurers need to be clearer with policyholders about what they are, and are not, covered for when working from home?



Remote working has become a feature of how insurers serve their customers, too. Whether an insurers' customer-facing staff are working from home or not does not seem to matter to customers who are looking for help. A good proportion of customers (39%) say that they noticed an insurance staff member was working from home when they contacted them. More than two thirds (68%) are comfortable with insurers allowing their employees to continue to work from home because they should benefit from the same flexibility as everyone else.

However, there may be some concern about security. More than one in three (36%) agree that insurers allowing their staff to work and access important personal data from home makes them feel concerned. Although most disagree (49%), one in four (19%) do claim that they would not buy an insurance policy from an insurer who allows their staff to work from home once people are allowed back into office.

What should insurers do?

As with our 2020 study, this year's research reminds insurers that there remains room for improvement in how they interact, understand, and serve their customers' needs.

There seems to be some hardening of negative customer attitudes about insurers, triggered by perceptions that insurers have not done enough to help in these difficult times. While that may be unfair, the extent to which customers were unaware of the actual help being offered perhaps speaks to the limited connection some people feel with their insurer.



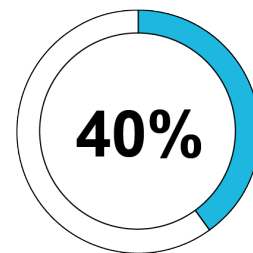
Just as it has exposed other fault lines in our society, the pandemic and lockdown measures seem to have spotlighted the weak links between insurers and their customers. The crisis that people have experienced does not seem to be driving them into the arms of insurers, or at least not in the UK.

Of course, as we said in last year's report, insurers have never been entirely loved or hated or mistrusted; but the indifference that many customers do feel is striking.

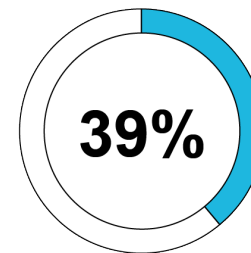
Remedies for improved interaction lie in how insurers are innovating around service, products, and processes, using investments in digitisation to be more efficient, helpful, and personalised in their approach to customers. Indeed, it is heartening that customers are not dismissive about new products like UBI or consolidated packages. Also, the fact that customers and employers may be confused on coverage for remote workers may provide insurers with an opportunity to show value by adjusting policies and implementing customer education.

As the insurance industry progresses through the rest of 2021 and into 2022, if insurers want to be closer to their customers, they must focus on customer priorities. These were well explained in last year's study and continue to be relevant. When asked in 2020 to state the qualities that an insurer should have the top three responses were: "Pays claims quickly" (40 percent), "Keeps my data safe" (39 percent), "Has human customer staff" (33 percent). "Low premiums" were just outside the top three (32 percent), ahead of "Clear and understandable terminology" (26 percent) and "Can communicate online" (14 percent).

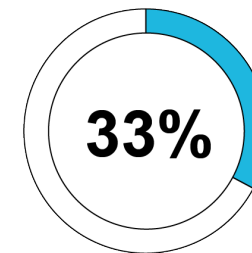
Top three qualities for an insurer to have (2020):



Pays claims quickly



Keeps my data safe



Has human customer staff

To implement process and operational ability to support these customer preferences and bring forward more relevant services and features, AI and automation are key. However, these technologies only flourish when combined with real time data analytics being applied at every stage of a customer's journey - whether buying or personalising a policy or making and progressing a claim.

Then again, does the adoption of analytics go far enough or is it restricted to only some parts of insurance businesses? Are insurers missing opportunities to be collecting, analysing, and accessing data insights to support every insurance worker from brokers to underwriters to claims management colleagues at all crucial stages?



Navigate what's next.

LOVE, HATE OR INDIFFERENT, STILL? THE 2021 STATE OF UK INSURANCE CUSTOMER ATTITUDES STUDY

The results of this study do indicate that levels of insurance customer engagement are in the doldrums; certainly grounds for considering a more radical approach by insurers and the adoption of closed loop analytics. The principles of this approach are about how analytics can be best used to get to know customers and encourage them to value the services they buy from an insurer. By truly integrating the analysis of core data, real time data and data from other sources, an insurer can create models that are perceptive and dynamic to customer needs. And, of course, the description of "closed loop" infers continuous learning and adaptation, which is so important in our currently volatile times.

The year 2021 is continuing to be a time of major change and uncertainty, but we are seeing some return to normality in the UK and beyond. Our research is again only a snapshot in time of attitudes. It remains to be seen if the trends we have noted weaken or strengthen over the coming months, but the continued imperative is that the insurance industry closes any gaps that have been evidenced between itself and its customers.

While it is always easy to lead with doom-laden news, the good news is that most insurers recognise they must change and are making huge efforts to adjust their business models, their use of technology, and their investment in human capital to improve customer engagement. These are tough and uncertain times, but the resilience of the insurance industry is impressive and the foundations for its future success are being laid.

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